

HR Field Guide: 5 Tips To Effective Succession Planning

Succession planning systems manage business risk and ensure leadership and critical role continuity across all levels of an organization. This field guide will explore five critical steps to ensure that you get the most out of your succession planning investments.

Introduction

Succession planning systems manage business risk and ensure leadership and critical role continuity across all levels of an organization. Organizations that have invested in these systems cite a number of significant benefits, including:

- Standardize, automate, and optimize succession planning processes and practices across the organization
- Provide senior management with global visibility into the talent pipeline and overall bench strength by leveraging dynamic talent pools and advanced analytics
- Discover talent, including high performers, deep within the organization to ensure proper retention strategies are in place
- Drive engagement by providing career paths for all employees, not just senior management; Track employee development activities against talent pools
- Retain high performers and infuse fresh ideas into the organization by promoting talent mobility
- Prepare and plan well in advance of anticipated talent shortages (e.g., baby boomer exodus from the workforce)
- Tag external job candidates (non-employees) as internal successors to broaden the talent pipeline
- Evaluate overall talent readiness and establish learning and training plans to strengthen the bench
- Integrate succession planning to broader HR and talent functions for maximum effectiveness

This field guide will explore five critical steps to ensure that you get the most out of your succession planning investments.

TIP #1: ELIMINATE PAPER AND SPREADSHEETS

Succession planning is currently the least automated talent management process, according to a global survey of HR leaders conducted by SumTotal. Fully 67% of companies that employ a succession planning process are still primarily paper-based. Within the majority of organizations, today's succession planning efforts are characterized by fragmented, inconsistent, paper-based processes.

Conventionally, HR practitioners will spend weeks or months manually scouring different parts of the organization for information needed to build lists and pools of nominees and successors for specific job families or positions. The information required to generate the lists may include self assessments, past performance appraisals (often paper-based), and 360 feedback. After a lengthy period of information gathering and aggregation followed by manual analysis (e.g., nine-box, gap analysis), HR prints the results, collates hundreds of pages of paper into three-ring binders, and presents its recommendations to senior management. This time-consuming, inefficient process is still commonplace.

To effectively transform succession planning from a manual, paper-based process to one that is systematic and technology-enabled, organizations must lay a solid foundation.

- **Program & Process Foundation**
 - Establish dedicated management function (e.g., program management office)
 - Define core succession process along with key constituents and tasks at each step of the process; Clearly articulate touch points to other HR processes (e.g., performance management, career development)
 - Understand implications of change with emphasis on managers & employees
 - Align program with broader business strategy
 - Determine initial scope (e.g., enterprise-wide, divisional)
 - Define processes independent of technology

■ **Technology Foundation**

- Must support and enable key processes
- Must integrate learning and development
- Must link seamlessly to other HR and talent processes, especially performance management
- Must be flexible and configurable to meet unique needs
- Must centralise and consolidate key information and data
- Must be easy for managers and employees to use

A few key questions to consider to eliminate paper and spreadsheets are:

1. Has the current succession process been cataloged and the desired future state articulated? Is a management and governance structure in place to execute the transition? Has a framework for change management been established?
2. What new technology investments are required to support the future state? Does this technology enable and natively integrate all of the processes required for effective succession planning, including core succession functionality, performance management, career development, learning, HR records, and reporting/analytics?
3. How flexible and configurable is the succession planning platform to meet your unique business requirements? Is user-driven configuration (vs. programmatic customization) the preferred method for making changes to the technology?

TIP #2: DRIVE SUCCESSION PLANNING DEEPER INTO THE ORGANIZATION

Many organizations still view succession planning as replacement planning to designate successors in the event of a catastrophe befalling senior company leaders. Indeed, succession planning penetrates only the highest levels of the organizational hierarchy, according to a global survey of HR leaders conducted by SumTotal. More than 80% of companies currently focus their succession planning efforts on the top three levels of their hierarchy, including top management.

Yet a most dramatic transformation is underway: Nearly half of the organizations surveyed plan to extend succession planning down to four levels of the hierarchy or lower. Applying succession planning beyond the top layers of management is critical to retaining high performers across all levels of the organization and mitigating the risk of untimely departures of personnel in high-value positions.

The key to extending succession planning into the organization is to provide career development planning to employees. Indeed, fully 97% of HR leaders believe that a systematic career development process positively impacts employee retention and engagement. HR leaders also believe that providing career advancement opportunities as well as dedicated development planning to employees are the two most important mechanisms for retaining high performers.

Retaining existing employees not only has the potential to minimise the effects of talent shortages, it also provides significant and tangible cost savings (since replacement costs range from 100%-150% of the salary for a departing employee).

A few key questions to consider to further extend succession planning into the organization are:

1. Does your succession planning platform tightly integrate career development? Can development activities can be assigned and tracked against talent pools?
2. Is learning management natively integrated into the core succession process so that development plans can seamlessly transition to actionable learning programs?
3. Are you measuring the impact of your development and learning programs by leveraging strategic, cross-functional workforce analytics?

TIP #3: ESTABLISH DYNAMIC TALENT POOLS TO IMPROVE PIPELINE VISIBILITY

Centralised talent pools provide business and HR leaders with global visibility into their talent pipeline and overall organization bench strength. They provide a mechanism for ensuring that the organization's future staffing plans are adequate, thereby reducing risk. To be truly effective, talent pools need to be dynamic in nature. For instance, if an employee is terminated, that person should be automatically removed from existing successor pools. Alternatively, if an employee closes a key skill or certification gap that had previously kept her from being considered as a successor, the pool should be updated appropriately. Talent pools that are inaccessible or not up-to-date are of little use to decision makers.

A key element of making talent pools accessible is in-depth searching for talent exploration. A talent pool is not much good if managers cannot easily view, track, update, and search for potential successors. Dynamic talent pools should take the guess work out of succession planning by aligning employee assessments, competencies, development plans, and learning programs. Proactive system monitoring ensures that as employees learn and grow, talent pools are dynamically updated to reflect the changes. It is this element in particular – supported by robust reporting and analytic capabilities – that helps business and HR leaders make more objective staffing decisions and better plan for future staffing needs.

A few key questions to consider when establishing dynamic talent pools to improve pipeline visibility are:

1. Is it possible for managers to easily establish both pool-based and position-based talent pools based on required competencies, skills, and behaviors? Can these pools be saved with dynamic updates occurring automatically in the background?
2. Can external (non-employee) candidates be applied to talent pools?
3. Can employee development activities be assigned and tracked against talent pools?
4. How is security managed within the system? Can talent pools be restricted to only those who have explicit rights to access and interact with them?

TIP #4: PROMOTE TALENT MOBILITY TO RETAIN HIGH PERFORMERS

In many organizations, talent mobility is impeded because there is no consistent or systematic process for aligning current and future talent needs to the existing talent inventory. Global organizations want to promote cross-business unit transfers to retain their high performers, but many do not yet have a single HR system of record to identify and enable transfer opportunities consistently. According to a May 2009 article in Talent Management magazine, “Increasing globalization has made talent managers’ ability to move talent across regions and countries critical to business success, but integrating global mobility with talent management is still a relatively new trend.”

Without a cohesive talent mobility strategy, organizations face several risks:

- Focus on costly external recruiting vs. internal sourcing
- Wrong hires (cost can be 3-5x person’s salary)
- Increased high performer churn
- Reduced employee engagement
- Reduced flexibility as business conditions change

Organizations should consider the following integrated processes – and a complete HR platform to support them – to promote and enable talent mobility:

- Current workforce analysis: Includes detailed talent profiles, employee summaries, organization charts, competencies, and job profiles.
- Talent needs assessment: Assess employees on key areas of leadership potential, job performance, and risk of leaving.
- Future needs analysis: Development-centric succession planning to create and manage dynamic, fully-populated talent pools.

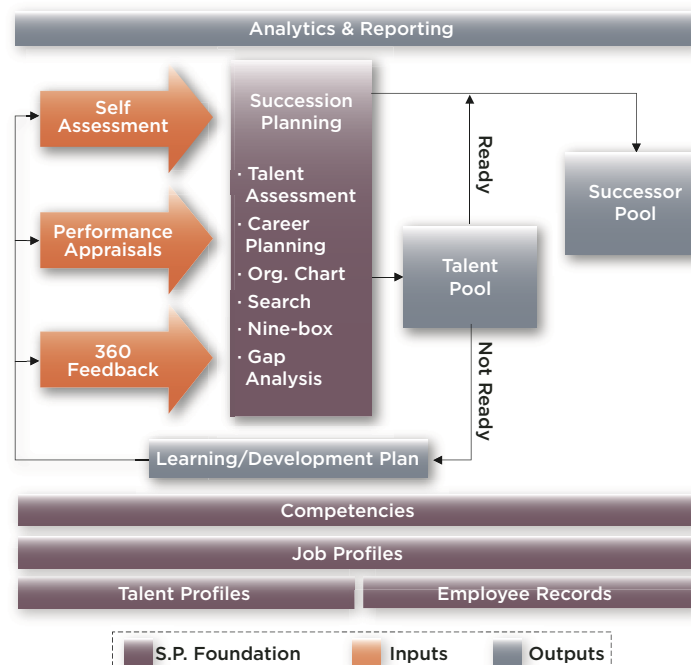
A few key questions to consider to promote talent mobility are:

1. How robust is the assessment infrastructure? Can performance ratings and 360 feedback be easily integrated into the succession process?
2. Are career development and learning fully integrated to succession planning?
3. Can managers easily establish dynamic talent pools based on desired competencies, skills, and behaviors?
4. Are hiring and recruiting processes integrated to succession to balance external vs. internal sourcing priorities?

TIP #5: INTEGRATE SUCCESSION PLANNING TO BROADER HR PROCESSES

Succession planning is not a silo. It implicitly relies on other talent processes and data, especially assessments that provide a performance and competency baseline (see Figure 1). Yet unlike a performance management process, which can be executed in a relatively self-contained fashion (assuming it has access to core employee data), the same is not true for succession planning.

FIGURE 1: SUCCESSION PLANNING WITHIN THE BROADER TALENT ECOSYSTEM



Succession planning requires foundational data (e.g., competencies, job profiles, talent profiles, and employee records) and inputs (e.g., appraisals, feedback). Outputs include nominee pools, successor pools, development/learning plans, and reports. To facilitate the level of integration required to get succession planning right, a single, natively-integrated HR platform that centralizes key talent processes and information is required. With this single platform, the time to develop succession plans can easily be reduced from weeks or months to mere hours. The benefits can be significant: reduce HR costs, reallocate HR resources from tactical activities to more strategic endeavors, and mitigate the risk of untimely departures of essential personnel.

Additionally, a single HR platform promotes the linkage of learning and career development to succession planning. By bridging these processes, nominees who are not ready for advancement can be assigned detailed development plans that guide them to improve the competencies and skills required for new job positions. Learning paths and specific courses can be established for employees to facilitate their career growth. By providing learning opportunities and development plans to employees, HR leaders can take a more active role in promoting employee growth, retention, and engagement.

Finally, with a single system of record, HR reporting and analysis is vastly improved, since all relevant talent data resides within a single data structure. Strategic cross-functional metrics can be readily established (e.g., measure the impact of learning and development programs on performance). Reporting and analysis are key to an organization's success in managing employee resources and implementing HR strategies that support corporate objectives and initiatives.

A few key questions to consider to integrate succession planning to broader HR processes are:

1. Does your HR platform natively integrate all of the processes required for effective succession planning, including core succession functionality, performance management, career development, learning, HR records, and reporting/analytics?
2. What is your organization doing to reduce its reliance on homegrown or legacy technologies that are expensive to maintain, inflexible, and difficult to integrate to other applications?

3. Does your HR platform leverage a robust and industry standard analytics engine to help you compare and relate deep analytical views across the platform? Does the system abstract the complexity out of the analytics engine so that non-technical users can conduct their own analyzes via an intuitive, web-based interface?

Conclusion

Organizations can realize significant efficiency gains and cost savings by moving from a manual, paper-based succession process to one that is fully technology-enabled. The shift to a single HR platform facilitates extending succession planning deeper into the organization, since a well-architected solution seamlessly links succession to career development and learning. A complete HR platform improves senior management's global visibility into the talent pipeline and bench strength, and promoting talent mobility to retain high performers becomes a viable engagement strategy. Succession planning, done correctly, is all about process and supporting technology integration. Without integration, succession planning is just another HR silo.

To summarize the top five tips to effective succession planning:

1. Eliminate Paper and Spreadsheets
2. Drive Succession Planning Deeper into the Organization
3. Establish Dynamic Talent Pools to Improve Pipeline Visibility
4. Promote Talent Mobility to Retain High Performers
5. Integrate Succession Planning to Broader HR Processes

AUTHORED BY

Steve Bonadio, Vice President of Product Marketing,
SumTotal Systems, Inc.

For more information, contact:
sbonadio@sumtotalsystems.com

ABOUT SUMTOTAL

SumTotal Systems, Inc. is the global leader in complete talent management software that enables organizations to more effectively drive business strategy. Recognized by industry analysts as the most comprehensive talent management solution, SumTotal provides full employee lifecycle management, including a core system of record, from a single provider for improved business intelligence. The company offers customers of all sizes and in all industries the most flexibility and choice with multiple purchase, configuration, and deployment options. With more than 1,800 customers and 25 million users worldwide, we have increased the performance of the world's largest organizations.

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CORPORATE HEADQUARTERS:

SUMTOTAL SYSTEMS, INC.
2850 NW 43RD STREET
SUITE #200
GAINESVILLE, FL 32606 USA
PHONE: +1 352 264 2800
FAX: +1 352 264 2801

EMEA:

SUMTOTAL SYSTEMS, UK
59-60 THAMES STREET
WINDSOR, BERKSHIRE
UNITED KINGDOM, SL4 1TX
PHONE +44 (0) 1753 211 900
FAX +44 (0) 1753 211 901

APAC:

SUMTOTAL SYSTEMS, INDIA PVT. LTD.
7TH FLOOR MAXIMUS TOWERS
BUILDING 2B, MIND SPACE
RAHEJA IT PARK, CYBERABAD
HYDERABAD, AP- 500081, INDIA
PHONE: +91 (0) 40 6695 0000
FAX: +91 (0) 40 2311 2727

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